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CONTAINER CORPORATION OF AMERICA

1959

ANNUAL REPORT

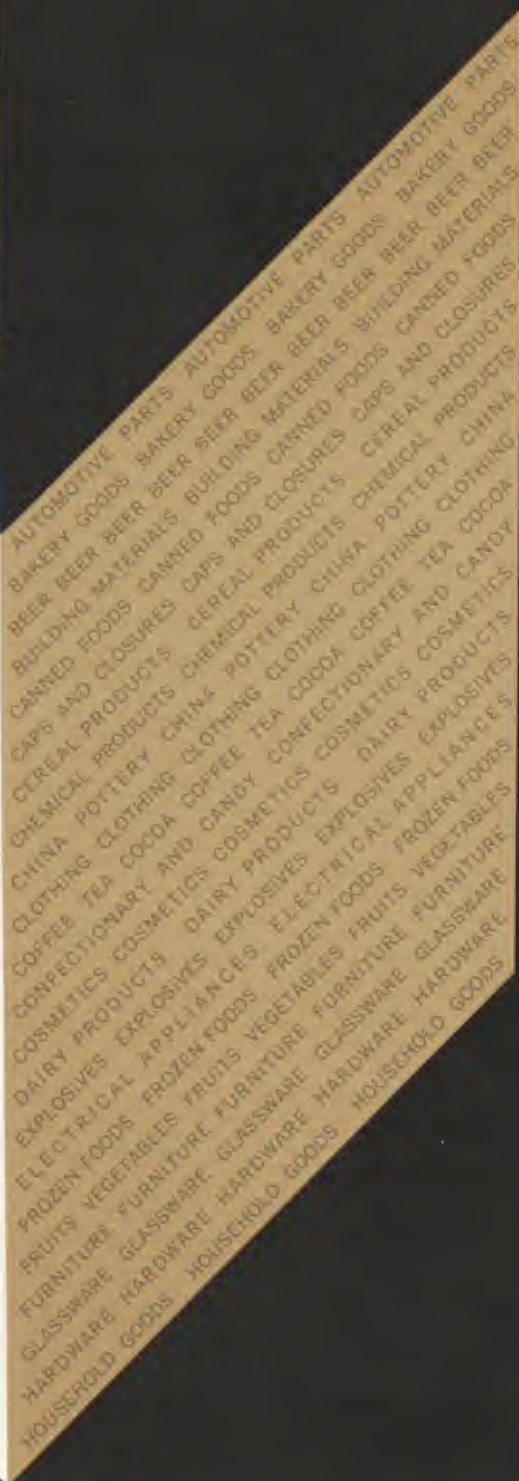
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CONTAINER CORPORATION OF AMERICA





JOHN L. DOLE



GAYLORD A. FREEMAN, JR.



ALBERT H. GORDON



ROBERT S. INGERSOLL



RICHARD G. IVEY



JOHN F. MERRIAM



WALTER P. PAEPCKE
*Chairman of the Board
and Director*



WESLEY M. DIXON
President and Director



JOHN V. SPACHNER
*Executive Vice President
and Director*



LEO H. SCHOENHOFEN
Senior Vice President



CARL M. BLUMENSCHIEIN
Vice President and Controller



HARRY E. GREEN
General Counsel



PAUL W. GUENZEL
Treasurer

CONTAINER CORPORATION OF AMERICA

38 SOUTH DEARBORN STREET, CHICAGO 3

DIRECTORS

JOHN E. BIERWIRTH, NEW YORK, NEW YORK*
WESLEY M. DIXON, CHICAGO, ILLINOIS
JOHN L. DOLE, CHICAGO, ILLINOIS
GAYLORD A. FREEMAN, JR., CHICAGO, ILLINOIS
ALBERT H. GORDON, NEW YORK, NEW YORK
ROBERT S. INGERSOLL, CHICAGO, ILLINOIS
RICHARD G. IVEY, LONDON, ONTARIO, CANADA
JOHN F. MERRIAM, OMAHA, NEBRASKA
WALTER P. PAEPCKE, CHICAGO, ILLINOIS
JOHN V. SPACHNER, CHICAGO, ILLINOIS

EXECUTIVE COMMITTEE

JOHN E. BIERWIRTH*
WESLEY M. DIXON
ALBERT H. GORDON
RICHARD G. IVEY
WALTER P. PAEPCKE

OFFICERS

CHAIRMAN OF THE BOARD, WALTER P. PAEPCKE
PRESIDENT, WESLEY M. DIXON
EXECUTIVE VICE PRESIDENT, JOHN V. SPACHNER
SENIOR VICE PRESIDENT, DONALD H. BREWER*
SENIOR VICE PRESIDENT, LEO H. SCHOENHOFEN
VICE PRESIDENT, FRANK C. CARDER†
VICE PRESIDENT, THOMAS F. CASS
VICE PRESIDENT, LAURENCE A. COMBS
VICE PRESIDENT, FREDERICK S. CRYSLER
VICE PRESIDENT, WILLIAM P. HOOKER
VICE PRESIDENT, HARRY E. MILES
VICE PRESIDENT, BALFOUR PHELAN
VICE PRESIDENT, DAVID R. RIGGS*
VICE PRESIDENT, JOHN G. ROBINSON
VICE PRESIDENT, PAUL E. SIGLER
VICE PRESIDENT, HENRY G. VAN DER EB
VICE PRESIDENT, GEORGE H. WATKINS
VICE PRESIDENT, RALPH E. WHITE
VICE PRESIDENT AND CONTROLLER, CARL M. BLUMENSCHIEIN
GENERAL COUNSEL, HARRY E. GREEN
TREASURER, PAUL W. GUENZEL
SECRETARY, CLARENCE H. SEELEY

TRANSFER AGENTS

HARRIS TRUST AND SAVINGS BANK, CHICAGO, ILLINOIS
FIRST NATIONAL CITY TRUST COMPANY,
NEW YORK, NEW YORK

REGISTRARS

CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST
COMPANY, CHICAGO, ILLINOIS
CHEMICAL BANK NEW YORK TRUST COMPANY,
NEW YORK, NEW YORK

*Resigned

†Deceased

A GLANCE AT THE LAST FIVE YEARS

	1959	1958	1957	1956	1955
Sales—Domestic	277 945 349	258 369 770	255 746 031	275 822 431	258 260 229
Foreign	44 341 467	31 230 403	25 242 849	22 002 245	14 412 320
Total	322 286 816	289 600 173	280 988 880	297 824 676	272 672 549
Tons shipped—Domestic	1 053 704	989 043	955 591	1 022 605	987 325
Foreign	191 099	135 325	140 943	63 336	38 831
Total	1 244 803	1 124 368	1 096 534	1 085 941	1 026 156
Earnings—Domestic	16 791 699	14 512 083	14 589 692	18 230 919	16 411 491
Equity in foreign	2 847 081	568 411	575 632	1 155 058	920 676
Total	19 638 780	15 080 494	15 165 324	19 385 977	17 332 167
Per common share	1.83	1.41	1.42	1.82	1.68
Return on shareholders' investment	15.4	12.2	12.7	19.0	19.0
Dividends paid and declared	10 808 021	10 797 148	10 800 740	8 767 478	7 824 363
Per cent of earnings	55%	71%	71%	45%	45%
Preferred (per share)	4.00	4.00	4.00	4.00	4.00
Common (per share)	1.00	1.00	1.00	.81¼	.75
Earnings retained for requirements of the business	8 830 759	4 283 346	4 364 584	10 618 499	9 507 804
Depreciation and depletion					
Domestic	9 509 573	9 044 504	6 756 037	6 059 624	5 686 373
Foreign	2 193 763	1 696 921	861 047	703 385	551 916
Total	11 703 336	10 741 425	7 617 084	6 763 009	6 238 289
Factory and paper mill additions and improvements					
Domestic	11 745 275	14 086 083	37 179 216	21 148 128	9 280 803
Foreign	6 022 934	7 963 194	6 912 409	3 978 272	1 616 047
Total	17 768 209	22 049 277	44 091 625	25 126 400	10 896 850
Working capital (current assets less current liabilities)	29 656 575	24 804 082	33 755 223	50 839 933	47 527 215
Shareholders' investment	137 185 287	127 786 960	123 714 470	119 394 695	102 202 702

MARCH 14, 1960

TO THE SHAREHOLDERS AND EMPLOYEES:

For the first time your Company's financial results are presented on a consolidated basis for domestic and foreign operations. It seemed appropriate to do this as both foreign sales and profits have reached a point of significance. In those parts of this report where consolidated figures would be confusing rather than informative the reader will be advised that a statement or a tabulation is made on a non-consolidated basis and refers only to domestic or foreign operations as the case may be.

FINANCIAL REVIEW

Consolidated net sales were \$322,286,816 compared with \$289,600,173 in the previous year, an increase of 11.3%. Consolidated net earnings after all charges, including provision for depreciation and all federal, state and local taxes, including income taxes, were \$19,638,780 compared with \$15,080,494 in 1958, an increase of 30.2%. These net sales and earnings are slightly higher

than the best previous year namely, 1956, when domestic and foreign sales combined totalled \$297,824,676 (vs. \$322,286,816 for 1959): domestic earnings in 1956 were \$18,230,919 compared with \$16,791,699 in 1959, but Container's equity in foreign earnings was only \$1,155,058 in 1956 compared with \$2,847,081 in 1959.

These consolidated domestic and foreign net earnings, after providing for Preferred dividends, represent \$1.83 a share on each of the 10,555,628 outstanding shares of Common stock compared with \$1.41 a share on each of 10,512,864 outstanding shares in 1958. Based upon an invested capital of \$127,786,960 on January 1, the return was 15.4% in 1959 versus 12.2% in 1958.

Quarterly earnings per share on the outstanding Common stock were:

	1959	1958
1st Quarter	.42	.31
2nd Quarter	.48	.34
3rd Quarter	.46	.37
4th Quarter	.47*	.39*
	1.83	1.41

*The fourth quarter earnings include a credit year-end adjustment of 12 cents per share for 1959 and 10 cents for 1958.

The record of dividends of the parent company disbursed in 1959 was as follows:

Preferred Stock		Common Stock	
March 1	1.00	February 25	.25
June 1	1.00	May 25	.25
September 1	1.00	August 25	.25
December 1	1.00	November 25	.25
	4.00		1.00

All foreign companies owned for a year or more, with the exception of Mexican subsidiaries and Europa Carton in West Germany, paid dividends to the parent company, or a subsidiary thereof, and to outside minority interests.

The year's consolidated depreciation provision of \$11,341,959 reflected the same rates which had been used heretofore, but did include \$2,193,763 of foreign depreciation. Timber depletion, which is confined to domestic operations, was \$361,377.

Your Company's equity in the profits of foreign subsidiaries and affiliates included in the above figures were \$2,847,081 or 27 cents a share in 1959 and \$568,411 or 6 cents a share in 1958.

In 1959 the cash flow (i.e., the profits after taxes plus depreciation) of the foreign subsidiaries was \$4,654,991 after allowing for minority interests. In 1960, and in years to come, due to the added depreciation of some additional properties and a conservative estimate of increased earnings, Container Corporation's participation in this cash flow should be substantially higher.

Domestic and foreign income taxes totalled \$19,765,000, compared with \$16,100,000 in 1958.

Consolidated selling, administrative, and general expenses amounted to \$26,605,162, compared with a total of \$23,859,061 for the previous year, an increase of 11.5%.

Repair and maintenance charges of \$15,939,532, compared with \$15,379,685, refer only to domestic operations.

AN APPLICATION OF FUNDS STATEMENT

Funds were provided from the following sources:

Earnings for the year	19 638 780
Items affecting earnings which did not require cash expenditures —	
Provision for depreciation and depletion	11 703 336
Proceeds from exercise of stock options	841 111
Increase in foreign long term debt	2 800 292
Undistributed minority earnings	508 483
Total funds provided	35 492 002

Funds were expended for the following:

Plant and equipment —		
Additions and improvements	17 768 209	
Less net book value of sales		
and retirements	918 534	16 849 675
Dividends —		
4% cumulative preferred stock	275 988	
Common stock	10 532 033	10 808 021
Increase in investments and advances		2 570 989
Increase in deferred charges		137 281
Purchase of preferred stock and		
sinking fund provision	273 543	30 639 509
Resulting in an increase in working capital of		4 852 493

WORKING CAPITAL

Increased working capital of \$4,852,493 resulted from the year's operations.

CAPITALIZATION

An increase of 42,764 shares in the outstanding common stock of the Company reflected the exercise of options by 66 individual employees.

The parent company acquired, through purchase, 3,154 shares of the outstanding stock of the Mengel Company for \$119,805 at varying prices from \$36.74 a share to \$38.38 a share; the average was \$38 a share. The present holdings of The Mengel Company are 646,188 shares or 96.9% of the total outstanding shares.

Earnings retained for requirements of the business (earned surplus). The consolidated net earnings for the year of \$19,638,780 were credited and Preferred and Common dividends of \$10,808,021 were charged against this account; a difference of \$8,830,759 remained as an addition to the earned surplus.

WORKING CAPITAL. The following tabulation shows changes in working capital:

December 31			
CURRENT ASSETS:	1959	1958	Increase or Decrease
Cash	9 295 696	10 830 053	1 534 357
Marketable securities	7 129 066	8 174 917	1 045 851
Accounts receivable	24 556 786	22 642 561	1 914 225
Inventories	31 725 278	29 680 189	2 045 089
Total current assets	72 706 826	71 327 720	1 379 106
CURRENT LIABILITIES:			
Short term loans	8 246 083	15 020 307	6 774 224
Accounts payable	8 485 052	6 930 220	1 554 832
Accrued liabilities	11 551 120	11 641 226	90 106
Provision for taxes on income	14 767 996	12 931 885	1 836 111
Total current liabilities	43 050 251	46 523 638	3 473 387
Net working capital	29 656 575	24 804 082	4 852 493

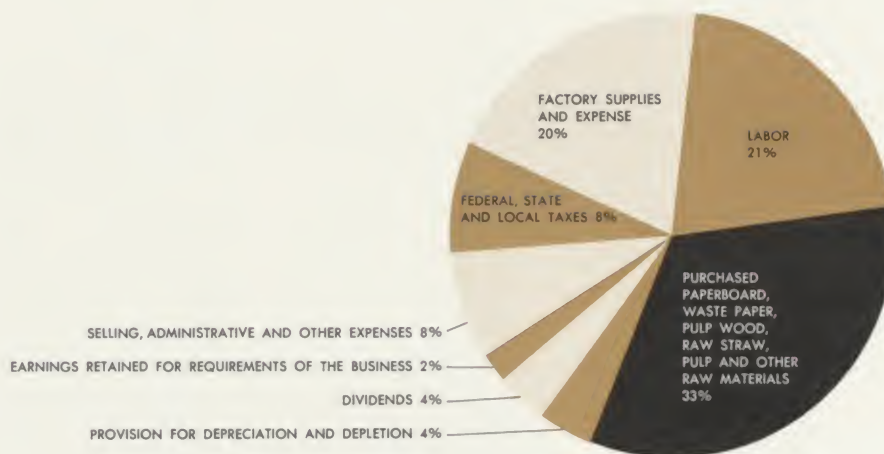


THE DALLAS-FT. WORTH PLANT

Shareholders. Your Company's Common shares are owned by individuals residing in each of the 50 states and in 18 foreign countries. At year end there were 18,377 individual shareholders, excluding shares registered in the names of brokers, institutions and corporations. A year ago the comparable number of shareholders was 18,324. The average individual shareholder owned 334 shares. The largest individual or corporate shareholder, other than the Container Common Stock Trust, owned approximately 3% of the outstanding Common shares. Approximately 47% of the shares were owned by holders of 2,000 shares or less, and 31% by shareholders owning less than 1,000 shares.

OPERATIONS

The following diagram sets forth the distribution of your Company's domestic sales dollars for the past year.



COMPARATIVE TABULATION OF THE DISPOSITION OF YOUR COMPANY'S DOMESTIC SALES DOLLARS

	1959		1958	
	277 945 349	100%	258 369 770	100%
Purchased paperboard, waste paper, pulp wood, raw straw, pulp and other raw materials	92 471 910	33	87 070 623	34
Labor	57 718 729	21	54 932 233	21
Factory supplies and expense	55 030 431	20	52 349 887	20
Provision for depreciation and depletion	9 509 573	4	9 044 504	4
Selling, administrative, and other expenses	23 319 964	8	21 076 049	8
Federal, state and local taxes	23 103 043	8	19 384 391	8
Dividends	10 808 021	4	10 797 148	4
Earnings retained for requirements of the business	5 983 678	2	3 714 935	1

Capital expenditures. Domestic and foreign capital expenditures made during the year aggregated \$17,768,209 compared with \$22,049,277 a year ago.

At this time no extensive expenditures are planned for 1960.

Status of domestic capital authorizations.

Unexpended authorizations—December 31, 1958.....	10 169 537
Capital authorizations—1959	6 750 456
Total	16 919 993
Less expenditures—1959	11 745 275
Unexpended authorizations—December 31, 1959	5 174 718

Production. The following ten year tabulation sets forth domestic tons of paperboard produced in your Company's mills, and the tons of finished product shipped.

	Tons Produced in Mills	Tons Finished Product Shipped
1950	693 960	863 888
1951	745 246	914 861
1952	685 886	833 536
1953	701 960	853 139
1954	707 101	812 583
1955	793 587	987 325
1956	807 428	1 022 605
1957	822 810	955 591
1958	951 116	989 043
1959	1 048 362	1 053 704

Reforestation. At the year end your Company owned in fee simple or controlled through timber cutting rights and long-term leases a combined total of 352,170 acres, an increase of 28,770 over last year.

Your Company continues to follow careful forest management practices to preserve the timber supply by selective cutting and planting on Company controlled lands and by making the services of graduate foresters available to large and small private landowners in need of sound forestry management.

The Company's pine seedling nursery produced a record 5,000,000 pine seedlings of superior quality for planting on its fee simple and leased land holdings. In addition, 5,000,000 pine and hardwood seedlings were purchased for free distribution to various educational groups, youth organizations, and small private landowners.



THE MENGEL NEW BRUNSWICK PLANT

SALES

Consolidated sales for 1959 were \$322,286,816 compared to \$289,600,173 in 1958, an increase of 11.3%. The tabulation immediately below shows the distribution of the sales dollars by commodity classifications of domestic sales of paperboard products.

Corrugated and solid fibre shipping containers	131 317 380	49%
Folding cartons, fibre cans and plastic products	92 753 990	35
Total fabricated products	224 071 370	84
Paperboard, pulp and waste paper	43 701 096	16
Total paperboard products	267 772 466	100
Wood products	10 172 883	
Total sales	277 945 349	

Continued emphasis was placed on merchandising services and product development, reflecting the constantly increasing demand for better and more imaginative packaging from a promotional standpoint, as well as higher protective and technical requirements of packages in the channels of distribution. The personnel of the Design Laboratories and Technical Laboratories, as well as the departments of Market Research, Merchandising, Structural Engineering, and Machinery Development was expanded accordingly. The consulting and service facilities of these creative departments were used more extensively than ever by our customers and prospects in solving their packaging problems.

In the annual competition conducted by the Folding Paper Box Association, Container Corporation received sixteen awards reflecting the Company's contribution to the packaging art in the areas of merchandising, design, and high quality printing.

In the Fibre Box Association competition your Company received a total of ten awards including three firsts, a success enjoyed by no other company in this field.

In the Folding Carton field the Company's Sales Department continued to expand the market for multiple packaging and has developed cartons and machines which provide distribution and handling economies for the brewing, drug, cosmetic industries and other products requiring a divisible unit package.

Comparable developments were made available to the frozen food, bakery, meat packing, and textile industries among others.

The Shipping Container Sales Department had similar success in adapting containers to merchandising tasks. Through the efforts of the Design Laboratory and Structural Machinery Development Departments, many unique adaptations were made to suit particular customer's packaging problems.

The Marketing Center being constructed adjacent to the Valley Forge, Pennsylvania carton operation will be completed during the summer. This Center will house expanded research and product development facilities for folding cartons, box board, and plastics as well as the newly formed Marketing Division.

INDUSTRY CONDITIONS

The domestic paperboard industry operated at 92% of capacity, compared with 86% a year ago. The total production of 16,034,000 tons of paperboard was attained which was 12.6% above the 14,241,000 tons in the previous year.

The combined solid fibre and corrugated container industry increased its output by 12.7%, while the folding carton industry had an increase of 2.0%.

There was also some further growth in the paperboard container and carton industry in foreign parts, including those countries in which your Company is operating.

EMPLOYEE RELATIONS—DOMESTIC OPERATIONS

Negotiations were concluded on a workable basis with 110 bargaining units represented by 20 International Unions. A short work stoppage occurred during the year at the Company's Solon, Ohio plant; and the Company's Oakland, California Fibre Can plant which had been struck by the International Association of Machinists on July 23, 1958 was permanently closed during the summer for economic reasons.

At the year end, 14,507 men and women were in the employ of the Company.

A Christmas check was sent to 111 employees who were serving in the Armed Forces of the country.

Safety. The over-all safety performance of the Company was less favorable than last year. Twelve plants and three trucking units operated throughout the year without a lost time accident.

Group Insurance. During the year, the Company's Group Insurance Plan was amended to provide increased accident and sickness coverage at no additional cost to insured employees.

Pension. The Company's amended Pension Plan, known as the Container Corporation of America Retirement Plan, which went into effect on January 1, 1958 has now been made available to all eligible employees of the Company.

Combined pension contributions of the Company and its Subsidiaries aggregated \$3,908,935, of which employees contributed \$585,993 and the Company \$3,322,942. Since the original plans were instituted, 1,045 employees have received pensions and 731 employees or their joint annuitants were receiving pensions at December 31, 1959.

Management Profit Sharing Plan. Under this plan, approved at the Annual Shareholders' Meeting in 1940 and revised downward by the Directors on December 7, 1956, a fund of \$1,388,452 was available for allocation for the year 1959 on the basis of domestic earnings including dividends received from foreign operations.

However, the non-participating Directors responsible for the determination of payments under the plan concluded that the amount to be distributed should be limited to \$401,440; this compares with \$403,755 for the previous year. There were fewer participants in 1959 than in 1958.

Distributions authorized were as follows: 15.9% to the Chairman of the Board, 7.7% to the President, 6.7% to the Executive Vice President, 39.4% to twelve Vice Presidents, and 30.3% to forty-six other salaried employees, including the General Counsel, the Secretary, and the Treasurer.

Stock Option Plan. Under the plan approved by the shareholders in 1956, additional options were granted during the year for the purchase of 50,900 shares of the corporation's Common Stock. Additional options were granted to two Vice Presidents whose duties and responsibilities were increased during the year; no additional options were granted to any other senior officers of the company. At the beginning of the year there were 615,128 shares and at the year end 600,804 shares under option to 249 participants. During 1959, options for 22,460 shares had lapsed because of death or termination of employment of optionees. Options for 42,764 shares were exercised in 1959 and 32,460 shares remained unallocated at year end, compared with 60,900 at the close of 1958.

Container Common Stock Bonus Plan. For 1959, the Company contributed \$1,594,824 to the plan for the benefit of 1,879 employee members. The Fund owned 487,093 shares at the end of the year, or slightly more than 4½% of the outstanding Common Stock of the Company.

THE CONCORRA FOUNDATION

The Foundation was established in 1951 as a non-profit corporation to aid charitable, scientific and educational institutions. At the year end, the book value of its assets stood at \$1,679,443. The Company made no contribution to the Foundation during 1959. Concorra's grants of \$295,608 in 1959 were divided 54% to education, 40% to charitable organizations and 6% to scientific and cultural organizations.

ORGANIZATION

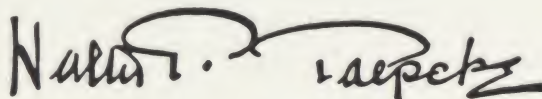
On December 9, 1959, the Board of Directors elected Mr. John F. Merriam of Omaha, Nebraska, a director. Mr. Merriam is president and chief executive officer of the Northern Natural Gas Com-

pany of Omaha. He is a director of Bankers Life Insurance of Des Moines, the United States National Bank of Omaha, and the Fairmont Foods Company of Omaha. His broad experience and interest in business, educational and civic activities makes him a valuable addition to the Board.

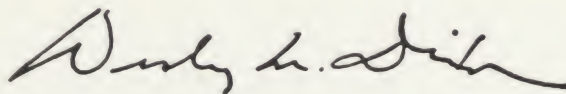
Mr. Merriam replaces Mr. John E. Bierwirth, chairman of National Distillers and Chemical Corporation, who resigned from the Board to have more time for his many other interests in the New York area, where he lives. For fifteen years Mr. Bierwirth had served as a member of the Board with devotion and distinction.

With deepest regret we record the death on August 26th of Frank C. Carder, Vice President in charge of Latin-American operations. Mr. Carder had served the company well in various capacities beginning in June, 1934. In 1944 he was transferred to Colombia, South America, and in 1956, he was elected a vice president. At all times Mr. Carder worked intelligently and conscientiously in the best interest of the company. He was universally liked and respected within and without the organization. His death was a great loss to the company, and to the scores of individuals who are privileged to count themselves among his friends.

On behalf of the Board of Directors and Senior Management we extend our appreciation to all members of the organization here and abroad for their contribution to help make this the Company's best year.



CHAIRMAN OF THE BOARD



PRESIDENT

The Annual Meeting of the shareholders will be held on Wednesday, April 20, 1960. A notice of the meeting, together with a form of proxy and a proxy statement, will be mailed to shareholders on or about March 25, 1960, at which time proxies will be requested by the management.

CONTAINER CORPORATION OF AMERICA AND SUBSIDIARIES

COMPARATIVE CONSOLIDATED BALANCE SHEETS—DECEMBER 31, 1959 AND 1958

ASSETS		1959	1958
CURRENT ASSETS:			
Cash		\$ 9 295 696	\$ 10 830 053
Marketable securities		7 129 066	8 174 917
Receivables, less reserves		24 556 786	22 642 561
Inventories of finished goods, work in process, raw materials and supplies— priced at the lower of average cost or market		31 725 278	29 680 189
Total current assets		72 706 826	71 327 720
INVESTMENTS AND ADVANCES, at cost		5 067 287	2 496 298
PLANT AND EQUIPMENT, at cost (including properties acquired for capital stock):			
	Gross	Reserves	
Land and timberland, less depletion	10 720 717	—	10 720 717
Buildings	46 307 168	14 697 667	31 609 501
Machinery, equipment, etc.	167 555 353	68 563 124	98 992 229
Leasehold and leasehold improvements	1 389 310	781 787	607 523
	225 972 548	84 042 578	141 929 970
			136 783 631
PREPAID AND DEFERRED CHARGES		6 406 893	6 269 612
GOODWILL AND PATENTS		1	1
		\$226 110 977	\$216 877 262

LIABILITIES		1959	1958
CURRENT LIABILITIES:			
Short-term loans		\$ 8 246 083	\$ 15 020 307
Accounts payable		8 485 052	6 930 220
Accrued liabilities		11 551 120	11 641 226
Provision for taxes on income		14 767 996	12 931 885
Total current liabilities		43 050 251	46 523 638
LONG-TERM DEBT:			
3.30% sinking fund debentures, due July 1, 1980, less debentures held in treasury		34 947 000	35 000 000
Other		4 112 010	1 258 718
		39 059 010	36 258 718
MINORITY INTEREST IN SUBSIDIARY COMPANIES		6 816 429	6 307 946
CAPITAL:			
4% cumulative preferred stock, \$100 par value; authorized and issued 73,000 shares		7 300 000	7 300 000
Common stock, \$5 par value; authorized 15,000,000 shares, 10,555,628 issued at December 31, 1959 (Note 1)		52 778 140	52 564 320
Shareholders' investment in excess of par value (paid-in surplus) (Note 1)		686 547	59 256
Earnings retained for requirements of the business (earned surplus) (Note 2)		76 987 609	68 156 850
Deduct—Cost of 4% cumulative preferred stock held in treasury and provision for sinking fund on preferred stock; 3,928 shares and \$210,308 at December 31, 1959		567 009	293 466
		137 185 287	127 786 960
		\$226 110 977	\$216 877 262

**COMPARATIVE STATEMENTS OF CONSOLIDATED INCOME
FOR THE YEARS ENDED DECEMBER 31, 1959 AND 1958**

	1959	1958
NET SALES	\$322 286 816	\$289 600 173
COST OF SALES	255 217 984	234 161 823
Gross income from operations	67 068 832	55 438 350
SELLING, ADMINISTRATIVE AND GENERAL EXPENSES	26 605 162	23 859 061
Income from operations (after depreciation and depletion provisions of \$11,703,336 in 1959 and \$10,741,425 in 1958)	40 463 670	31 579 289
OTHER DEDUCTIONS, net	1 059 890	398 795
Balance before taxes on income	39 403 780	31 180 494
PROVISION FOR TAXES ON INCOME	19 765 000	16 100 000
Net income for the year	\$ 19 638 780	\$ 15 080 494

**STATEMENT OF CONSOLIDATED EARNINGS RETAINED FOR REQUIREMENTS OF THE BUSINESS
(EARNED SURPLUS) FOR THE YEARS ENDED DECEMBER 31, 1959 AND 1958**

	1959	1958
Balances beginning of year, as previously reported	\$63 097 343	\$59 380 519
Retained earnings of foreign subsidiaries (not previously consolidated)	5 059 507	4 492 985
Balances beginning of year, as adjusted	68 156 850	63 873 504
Net income for the year	19 638 780	15 080 494
Cash dividends:		
Preferred stock (\$4.00 per share)	275 988	287 658
Common stock (\$1.00 per share)	10 532 033	10 509 490
Balance end of year (Note 2)	\$76 987 609	\$68 156 850

- Notes:** (1) Under the stock option plan for officers and key employees, options for the purchase of 600,804 shares at prices ranging from \$18.19 to \$27.88 per share were outstanding at December 31, 1959. Of the total, 308,764 shares were exercisable at December 31, 1959, and the remainder become exercisable during the period from 1960 to 1964. Unexercised options expire by 1969. Options for 42,764 shares were exercised in 1959. The increase of \$627,291 in shareholders' investment in excess of par value (paid-in surplus) during 1959 represents the excess of proceeds over par value of these shares.
- (2) Under terms of the debenture indenture and other restrictions, approximately \$44,000,000 of the earned surplus at December 31, 1959, was restricted as to dividends on and acquisitions of capital stock.
- (3) These financial statements consolidate all foreign companies owned for one year or more.

ARTHUR ANDERSEN & CO., 120 SOUTH LA SALLE STREET, CHICAGO 3

To the Shareholders of Container Corporation of America:

We have examined the consolidated balance sheets of CONTAINER CORPORATION OF AMERICA (a Delaware corporation) and subsidiaries as of December 31, 1959 and 1958, and the related statements of income and earnings retained for requirements of the business for the two years then ended. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. Financial statements of certain subsidiaries included in the consolidated statements were not examined by us, but we were furnished with reports of other auditors thereon.

In our opinion, based upon our examinations and upon the reports of other auditors referred to above, the accompanying consolidated balance sheets and related statements of income and earnings retained for requirements of the business present fairly the financial position of Container Corporation of America and subsidiaries as of December 31, 1959 and 1958, and the results of their operations for the two years then ended, and were prepared in conformity with generally accepted accounting principles applied on a consistent basis during the two years.

Chicago, Illinois, February 5, 1960

ARTHUR ANDERSEN & CO.

CONTAINER CORPORATION OF AMERICA AND SUBSIDIARIES
DOMESTIC AND FOREIGN INCOME ACCOUNTS FOR THE YEARS 1959 AND 1958

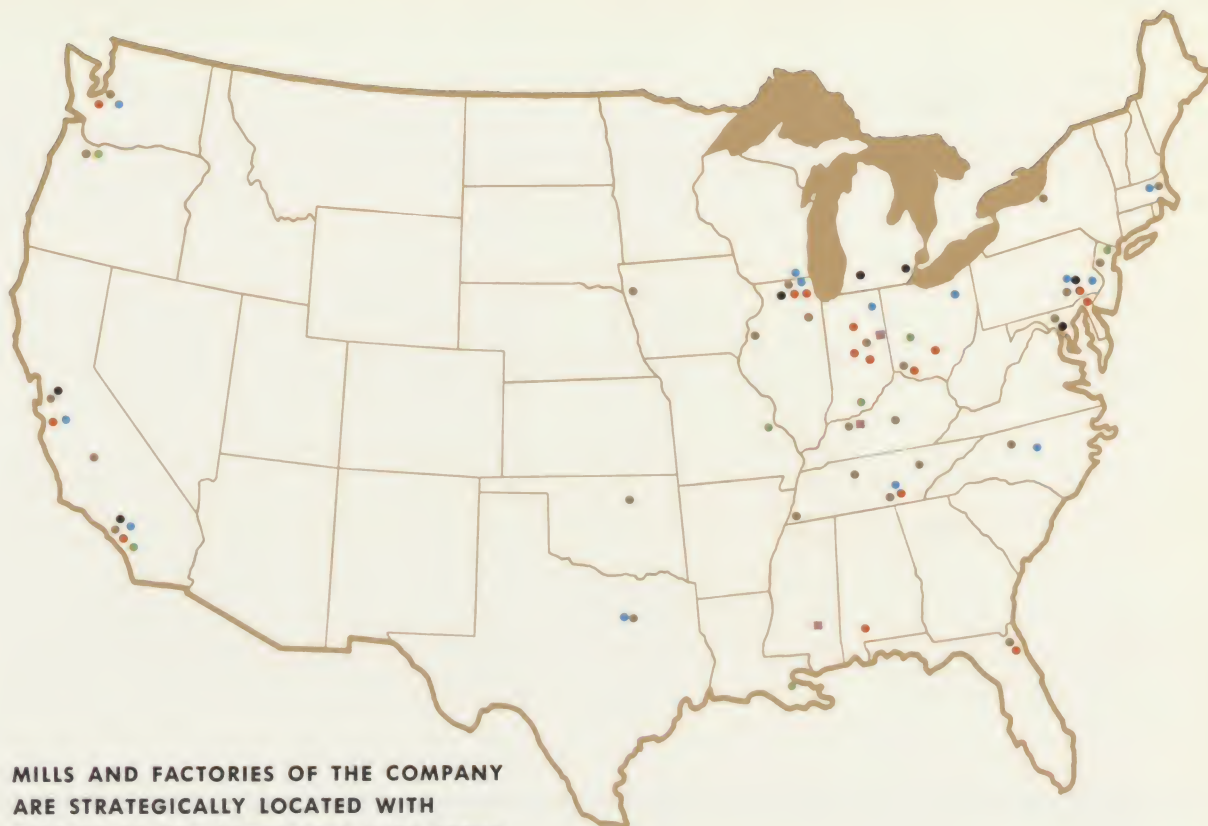
(In thousands of dollars)

	Consolidated		Domestic		Foreign	
	1959	1958	1959	1958	1959	1958
Net Sales	322 287	289 600	277 946	258 370	44 341	31 230
Cost of sales	255 218	234 162	219 634	207 462	35 584	26 700
Gross income from operations	67 069	55 438	58 312	50 908	8 757	4 530
Selling, administrative and general expenses	26 605	23 859	23 947	21 599	2 658	2 260
Income from operations	40 464	31 579	34 365	29 309	6 099	2 270
Other income, <i>deductions</i> , net	64	270	180	77	244	193
Balance before taxes on income	40 400	31 849	34 545	29 386	5 855	2 463
Provision for taxes on income	19 765	16 100	17 700	14 811	2 065	1 289
Income before minority interest	20 635	15 749	16 845	14 575	3 790	1 174
Minority interest	996	669	53	63	943	606
Net income for the year	19 639	15 080	16 792	14 512	2 847	568

DOMESTIC AND FOREIGN NET ASSETS—DECEMBER 31, 1959 AND 1958

(In thousands of dollars)

	Consolidated		Domestic		Foreign	
	1959	1958	1959	1958	1959	1958
Current assets:						
Cash and marketable securities	16 425	19 005	14 166	17 330	2 259	1 675
Receivables, less reserves	24 557	22 643	18 474	18 748	6 083	3 895
Inventories	31 725	29 680	24 383	24 154	7 342	5 526
Total current assets	72 707	71 328	57 023	60 232	15 684	11 096
Investments and advances	5 067	2 496	1 850	1 922	3 217	574
Plant and equipment, less reserves	141 930	136 784	111 269	109 721	30 661	27 063
Prepaid and deferred charges	6 407	6 270	5 710	5 839	697	431
Total assets	226 111	216 878	175 852	177 714	50 259	39 164
Current liabilities:						
Short term loans	8 246	15 020	3 250	10 500	4 996	4 520
Accounts payable	8 485	6 930	5 844	5 227	2 641	1 703
Accrued liabilities	11 551	11 642	10 174	10 458	1 377	1 184
Provision for taxes on income	14 768	12 932	12 761	11 764	2 007	1 168
Total current liabilities	43 050	46 524	32 029	37 949	11 021	8 575
Long term debt	39 059	36 259	34 947	35 000	4 112	1 259
Total liabilities	82 109	82 783	66 976	72 949	15 133	9 834
Total net assets	144 002	134 095	108 876	104 765	35 126	29 330
Minority interest	6 817	6 308	702	777	6 115	5 531
Company interest	137 185	127 787	108 174	103 988	29 011	23 799



**MILLS AND FACTORIES OF THE COMPANY
ARE STRATEGICALLY LOCATED WITH
RESPECT TO THE INDUSTRIES THEY SERVE
OR THE RAW MATERIALS THEY CONSUME**

PAPERBOARD MILLS

Brewton, Ala.	Los Angeles, Calif.
Carthage, Ind.	Noblesville, Ind.
Chattanooga, Tenn.	Philadelphia, Pa.
Chicago, Ill.—Lake Shore	Santa Clara, Calif.
Chicago, Ill.—Ogden	Tacoma, Wash.
Cincinnati, Ohio	Wabash, Ind.
Circleville, Ohio	Wilmington, Del.
Fernandina, Fla.	

SHIPPING CONTAINER FACTORIES

Anderson, Ind.	Los Angeles, Calif.
Baltimore, Md.	Louisville, Ky.
Boston, Mass.	Memphis, Tenn.
Chattanooga, Tenn.	Muskogee, Okla.
Chicago, Ill.	Nashville, Tenn.
Cincinnati, Ohio	New Brunswick, N. J.
Dolton, Ill.	Oakland, Calif.
Fernandina, Fla.	Philadelphia, Pa.
Fort Worth, Texas	Portland, Ore.
Fresno, Calif.	Rock Island, Ill.
Fulton, N. Y.	Seattle, Wash.
Knoxville, Tenn.	Sioux City, Iowa
Lexington, Ky.	Winston-Salem, N. C.

PAPER STOCK PROCESSING PLANTS

Baltimore, Md.	Los Angeles, Calif.
Chicago, Ill.	Oakland, Calif.
Detroit, Mich.	Philadelphia, Pa.
Kalamazoo, Mich.	

FIBRE CAN FACTORIES

Jeffersonville, Ind.	Portland, Ore.
New Orleans, La.	St. Louis, Mo.
Los Angeles, Calif.	Totowa, N. J.
Piqua, Ohio	

FOLDING CARTON FACTORIES

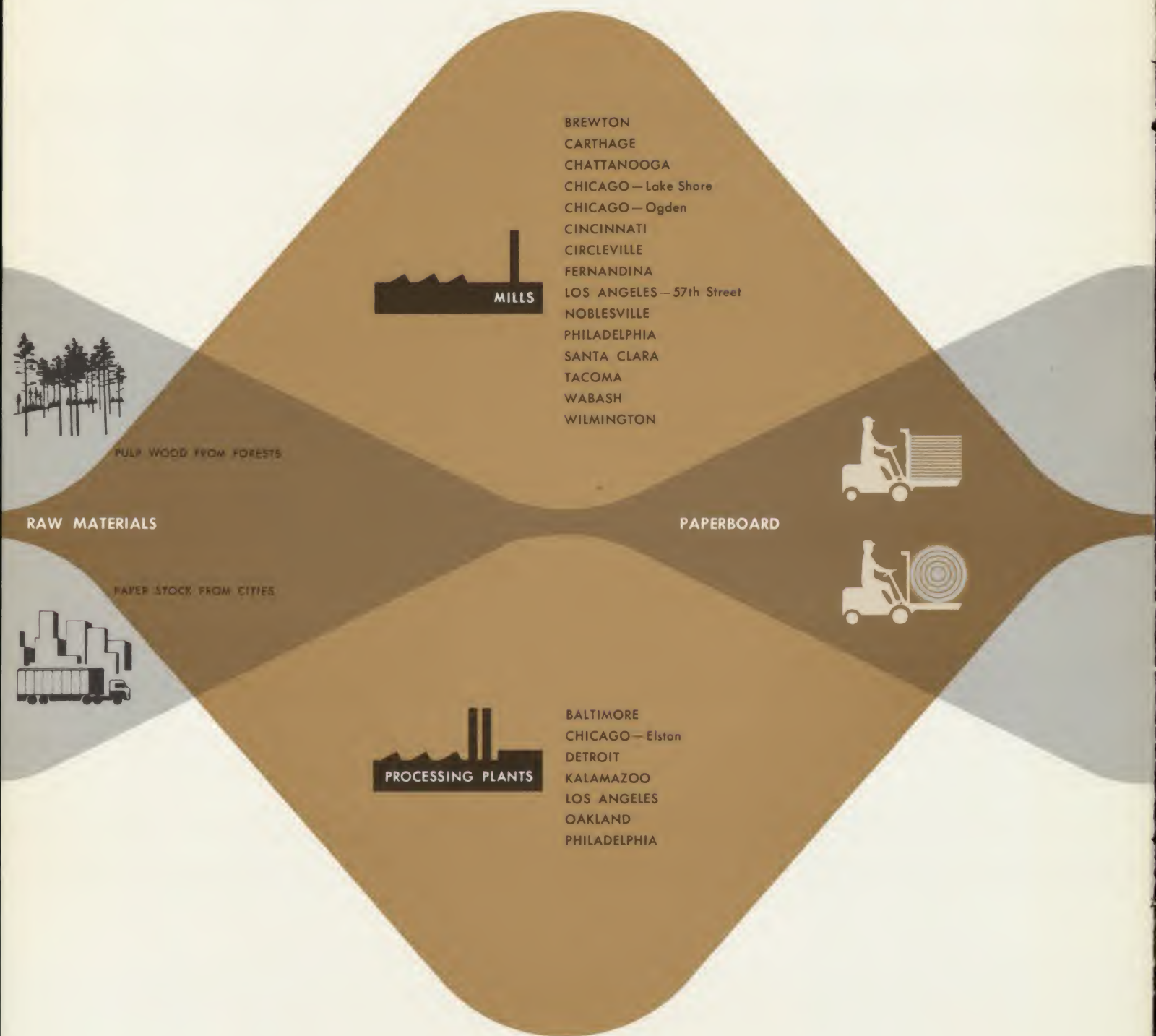
Boston, Mass.	Los Angeles, Calif.
Chattanooga, Tenn.	Philadelphia, Pa.
Chicago, Ill.—Lake Shore	Renton, Wash.
Chicago, Ill.—35th Street	Santa Clara, Calif.
Dallas-Fort Worth, Tex.	Solon, Ohio
Fort Wayne, Ind.	Valley Forge, Pa.
Greensboro, N. C.	

WOOD PRODUCTS FACTORIES

Laurel, Miss.	Winston-Salem, N. C.
Union City, Ind.	



INTEGRATION FROM RAW MATERIALS TO



SOURCES AND FLOW OF PRIMARY MATERIALS THROUGH MILLS AND

FINISHED PAPERBOARD PACKAGES—A SINGLE ORGANIZATION

USES

Ammunition
Automotive Parts
Bakery Goods
Beer
Building Materials
Canned Foods
Caps and Closures
Cereal Products
Chemicals
China and Pottery
Clothing
Coffee, Tea, Cocoa
Confectionery
Cosmetics
Dairy Products
Explosives
Electrical Products
Frozen Foods
Fruits and Vegetables
Furniture
Glass Products
Hardware
Household Goods

ANDERSON
BALTIMORE
BOSTON
CHATTANOOGA
CHICAGO—Lake Shore
CHICAGO—Ogden
CHICAGO—35th Street
CINCINNATI
DALLAS—Fort Worth
DOLTON
FERNANDINA
FORT WAYNE
FORT WORTH
FRESNO
FULTON
GREENSBORO
JEFFERSONVILLE
KNOXVILLE
LEXINGTON
LOS ANGELES—Boyle Ave.
LOS ANGELES—Malt Ave.
LOS ANGELES—Tanager Ave.



FACTORIES

PRODUCTS

SHIPPING CONTAINERS



MOLDED PLASTIC CAPS FOR CONTAINERS

FIBRE CANS



FOLDING CARTONS



FROZEN FOOD PACKAGES



LOUISVILLE
MEMPHIS
MUSKOGEE
NASHVILLE
NEW BRUNSWICK
NEW ORLEANS
OAKLAND
PHILADELPHIA
PIQUA
PORTLAND
RENTON
ROCK ISLAND
ST. LOUIS
SANTA CLARA
SEATTLE
SIOUX CITY
SOLOM
TOTOWA
VALLEY FORGE
WINSTON-SALEM

Linens and Towels
Liquor and Wine
Machines and Parts
Matches
Meat Products
Paint and Varnish
Paper Products
Personal Accessories
Petroleum Products
Pharmaceuticals
Publishers, Printers
Radio Products
Rubber Goods
Soaps and Cleansers
Soft Drinks
Spices
Sporting Goods
Sugar and Salt
Textiles
Tobacco Products
Tools
Toys and Games
Vegetable Products

FACTORIES OF **CONTAINER CORPORATION OF AMERICA**

CONTAINER CORPORATION OF AMERICA AND SUBSIDIARIES CONSOLIDATED

YEAR-END BALANCE SHEETS FOR TWELVE YEAR PERIOD ENDED DECEMBER 31, 1959

ASSETS

	1959†	1958†	1957	1956	1955
Cash and marketable securities	16 424 762	19 004 370	15 604 805	17 093 285	18 219 191
Receivables, less reserves	24 556 786	22 642 561	15 599 817	15 078 480	14 634 476
Inventories	31 725 278	29 680 189	24 232 585	22 251 600	23 521 692
Total current assets	72 706 826	71 327 720	55 437 207	54 423 365	56 375 359
Cash and securities set aside for additions and improvements	—	—	—	16 754 049	25 000 000
Investments and advances	5 067 287	2 496 298	12 912 733	12 063 095	7 058 048
Land and timberland	10 720 717	10 622 288	8 926 758	8 435 776	8 701 525
Buildings, machinery and equipment	215 251 831	200 526 742	159 783 974	125 651 035	109 288 928
Reserves for depreciation	84 042 578	74 365 399	62 835 598	58 086 495	55 653 970
Deferred charges	6 406 893	6 269 612	5 310 538	3 803 555	3 713 003
Goodwill and patents	1	1	1	1	1
	226 110 977	216 877 262	179 535 613	163 044 381	154 482 894

LIABILITIES

Short term loans	8 246 083	15 020 307	—	—	—
Accounts payable	8 485 052	6 930 220	3 093 604	2 374 542	3 589 592
Accrued liabilities	11 551 120	11 641 226	9 412 407	8 847 095	8 242 302
Provision for taxes on income	14 767 996*	12 931 885*	11 591 802*	—*	578 438*
Total current liabilities	43 050 251	46 523 638	24 097 813	11 221 637	12 410 332
3.3% Debentures, due July 1, 1980	34 947 000	35 000 000	35 000 000	35 000 000	35 000 000
Long term loans	4 112 010	1 258 718	550 000	700 000	850 000
Minority Interest in Subsidiary Companies	6 816 429	6 307 946	666 315	645 402	6 782 155
Reserve for contingencies	—	—	—	—	—
Capital:					
Preferred stock	7 300 000	7 300 000	7 300 000	8 200 000	8 500 000
Common stock	52 778 140	52 564 320	52 544 460	52 544 460	25 224 510
Investment in excess of par value	686 547	59 256	—	—	19 913 890
Earnings retained	76 987 609	68 156 850	59 380 519	55 591 567	46 409 690
Sinking fund for retirement of preferred stock	567 009	293 466	3 494	858 685	607 683
	226 110 977	216 877 262	179 535 613	163 044 381	154 482 894

*Provisions for taxes on income	14 767 996	12 931 885	12 851 735	17 362 662	19 115 484
Less U.S. Government Securities	—	—	1 259 933	17 362 662	18 537 046

Shareholders' investment	137 185 287	127 786 960	119 221 485	115 477 342	99 440 407
Investment per common share	12.36	11.49	10.65	10.29	9.07
Working capital	29 656 575	24 804 082	31 339 394	43 201 728	43 965 027
Current ratio	1.69 to 1	1.53 to 1	2.30 to 1	4.85 to 1	4.54 to 1

†Includes foreign subsidiaries

1954	1953	1952	1951	1950	1949	1948
10 778 656	15 796 013	15 200 591	10 268 094	7 456 055	13 085 746	9 758 037
8 941 532	7 503 418	8 619 054	8 559 391	9 733 435	4 709 071	4 918 005
13 790 287	10 261 548	12 100 069	11 688 373	11 924 620	7 334 972	8 630 364
33 510 475	33 560 979	35 919 714	30 515 858	29 114 110	25 129 789	23 306 406
1 318 239	5 514 683	428 552	3 007 331	3 500 000	4 000 000	4 350 000
11 789 380	2 565 548	1 715 726	1 661 084	1 286 187	1 031 307	1 273 932
5 636 888	4 420 563	4 350 340	4 605 894	4 598 890	4 127 968	4 050 794
85 637 663	77 883 526	74 917 962	69 663 809	63 186 670	57 704 750	52 725 650
42 181 270	38 385 114	35 254 114	31 781 821	28 681 919	26 017 667	23 728 028
2 621 104	1 880 217	2 712 523	1 754 186	1 121 376	1 036 349	1 188 846
1	1	1	1	1	1	1
98 332 480	87 440 403	84 790 704	79 426 342	74 125 315	67 012 497	63 167 601
—	—	—	—	—	—	—
2 389 886	1 350 227	2 016 989	1 580 387	3 060 885	1 811 759	1 910 061
6 560 388	4 349 946	5 054 486	4 292 057	3 459 188	2 512 393	2 647 878
—*	—*	—*	—*	—*	—*	—*
8 950 274	5 700 173	7 071 475	5 872 444	6 520 073	4 324 152	4 557 939
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	955 190	1 110 522
8 800 000	9 100 000	9 400 000	9 400 000	10 000 000	10 000 000	10 000 000
24 957 850	19 809 480	19 809 480	19 809 480	19 809 480	19 809 480	19 809 480
18 409 927	3 829 851	3 829 851	3 829 851	3 829 851	3 829 851	3 829 851
37 822 562	49 606 434	45 284 893	40 815 392	34 563 052	28 384 753	23 962 511
608 133	605 535	604 995	300 825	597 141	290 929	102 702
98 332 480	87 440 403	84 790 704	79 426 342	74 125 315	67 012 497	63 167 601
16 935 190	21 086 718	22 435 957	27 090 251	12 585 392	7 141 293	7 596 493
16 935 190	21 086 718	22 435 957	27 090 251	12 585 392	7 141 293	7 596 493
89 382 206	81 740 230	77 719 229	73 553 898	67 605 242	61 733 155	57 499 140
8.13	7.40	6.96	6.51	5.88	5.25	4.81
24 560 201	27 860 806	28 848 239	24 643 414	22 594 037	20 805 637	18 748 467
3.74 to 1	5.89 to 1	5.08 to 1	5.20 to 1	4.47 to 1	5.81 to 1	5.11 to 1

CONTAINER CORPORATION OF AMERICA AND SUBSIDIARIES CONSOLIDATED

EARNINGS STATEMENTS FOR TWELVE YEAR PERIOD ENDED DECEMBER 31, 1959

	1959†	1958†	1957	1956	1955
Sales	322 286 816	289 600 173	256 115 744	276 008 765	258 463 036
Cost of Sales	255 217 984	234 161 823	205 420 783	217 184 897	203 429 246
Gross earnings	67 068 832	55 438 350	50 694 961	58 823 868	55 033 790
Selling, administrative, and general expenses	26 605 162	23 859 061	21 467 727	21 947 478	20 517 129
Earnings from operations	40 463 670	31 579 289	29 227 234	36 876 390	34 516 661
Other income, <i>deductions</i> , net	1 059 890	398 795	562 458	1 054 529	494 830
Earnings before taxes on income	39 403 780	31 180 494	29 789 692	37 930 919	35 011 491
Provision for taxes on income	19 765 000	16 100 000	15 200 000	19 700 000	18 600 000
Net earnings for the year	19 638 780	15 080 494	14 589 692	18 230 919	16 411 491
Depreciation and depletion	11 703 336	10 741 425	6 756 037	6 059 624	5 686 373
Earnings per share of common stock	1.83	1.41	1.36	1.71	1.59
Return on shareholders' investment	15.4%	12.2%	12.6%	18.3%	18.4%

RECORD OF DIVIDENDS FOR TWELVE YEAR PERIOD ENDED DECEMBER 31, 1959

Dividends:					
Preferred stock	275 988	287 658	291 848	310 618	337 008
Common stock	10 532 033	10 509 490	10 508 892	8 456 860	7 487 355
Total dividends	10 808 021	10 797 148	10 800 740	8 767 478	7 824 363
Dividends per share:					
Preferred stock	4.00	4.00	4.00	4.00	4.00
Common stock	1.00	1.00	1.00	.81¼	.75

†Includes foreign subsidiaries

1954	1953	1952	1951	1950	1949	1948	TOTAL
186 595 052	187 552 652	178 408 152	212 562 019	154 841 198	114 770 627	131 056 327	2 568 260 561
145 808 593	147 939 847	137 282 965	165 327 034	123 873 851	92 476 947	106 716 349	2 034 840 319
40 786 459	39 612 805	41 125 187	47 234 985	30 967 347	22 293 680	24 339 978	533 420 242
12 919 120	12 252 693	11 632 175	10 901 566	8 922 520	7 936 829	7 585 901	186 547 361
27 867 339	27 360 112	29 493 012	36 333 419	22 044 827	14 356 851	16 754 077	346 872 881
1 136 893	812 836	889 936	782 578	651 799	395 477	236 516	5 559 167
29 004 232	28 172 948	30 382 948	37 115 997	22 696 626	14 752 328	16 990 593	352 432 048
15 400 000	18 045 000	20 100 000	25 050 000	10 680 000	5 975 000	6 566 000	191 181 000
13 604 232	10 127 948	10 282 948	12 065 997	12 016 626	8 777 328	10 424 593	161 251 048
4 109 753	3 930 557	3 668 041	3 543 809	3 045 298	2 731 924	2 507 074	64 483 251
1.33	.99	1.00	1.18	1.17	.85	1.01	
16.6%	13.0%	14.0%	17.8%	19.5%	15.3%	20.0%	

349 235	358 800	365 840	366 050	390 720	393 190	398 900	4 125 855
6 219 863	5 447 607	5 447 607	5 447 607	5 447 607	3 961 896	4 457 133	83 923 950
6 569 098	5 806 407	5 813 447	5 813 657	5 838 327	4 355 086	4 856 033	88 049 805
4.00	4.00	4.00	4.00	4.00	4.00	4.00	
.62½	.55	.55	.55	.55	.40	.45	



artist: herbert boyer

GREAT IDEAS OF WESTERN MAN . . . ONE OF A SERIES

God made the world and all things therein . . .
and has made of one blood all nations of men for
to dwell on the face of the earth . . .

(ST. PAUL, ACTS 17:24-28)

CONTAINER CORPORATION OF AMERICA



